

A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF AUTOMOBILE INDUSTRY (A CASE STUDY OF ASHOK LEYLAND)

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ABSTRACT:

Financial is observed as the life blood of a business enterprise. In the modern oriented economy finance is one of the basic foundations of all kinds of economic activities. Financial statements are prepared primary for decision-making. They play a dominant role in setting the, and managerial conclusion can be drawn from these statements. To analyze the trend analysis of Ashok Leyland. For this analysis, the tools used are Trend Analysis and Comparative Balance sheet. Results indicate that the performance of Ashok Leyland in the study period has been excellent.

Keywords: Trend Analyze and Comparative Balance Sheet

FINANCIAL PERFORMANCE ANALYSIS:

The process of recognising the strengths and weakness of the firm by correctly establishing the relationship among the items of the financial statements that is balance sheet, profit and loss account and trading account is known as financial performance analysis. It also helps in short- term and long-term estimation of growth can be identified with the help of financial performance analysis.

OBJECTIVES OF THE STUDY:

- 1) In order to analyse the trend analysis of Ashok Leyland.
- 2) To analyse the past performance of the company.
- 3) To identify the key factors affecting the profit rate or rate of return.
- 4) To know the financial ability of the company.

REVIEW OF LITERATURES:

- 1) Campbell (2008): Built a multivariate expectation show that assesses the likelihood of revamping for firmly held firms. Six factors were utilized in building up the theories and five were critical in recognizing firmly held firms that revamp from those that sell.
- 2) R. Idhayajothi (2104): “a study on the financial performance of Ashok Leyland Ltd at Chennai” in her study she concluded that the company has high sales where it increases the profit margin to meet out its capital expenditure and working capital.
- 3) Harshadeep chilukuri (2016): “Financial statement analysis of Ashok Leyland Ltd, India” in his study he suggested the company has to reduce inventory and collect relevant information from customers and increase it sells to develop the liquidity position of the company.

RESEARCH METHODOLOGY: PRIMARY DATA:

Initial research regards the collection of fresh primary information by researches. This process includes various models, including questionnaires and telephone interviews in market research. These types of data are normally a new and gathered for the first time.

SECONDARY DATA :

The secondary data is gathered from various text book, generals, magazines, company annual reports and websites.

HYPOTHESIS:

H0: There is no relationship between Trend analysis and Comparative balance sheet.

H1: There is relationship between Trend analysis and Comparative balance sheet.

TREND ANALYSIS: Trend analysis is one amongst the tools for the analysis of the company’s financial statements for the investment purpose. Inventors use this analysis tool a lot so as to see the monetary position of the business. Analysis is that thepresentation of quantity as a share of a base year. Trend {analysis|analysis|analytic thinking} evaluates an organization’s monetary dataover a period of time

Year	Sales	Inventories	Sundry debtors
2014	100	100	100
2015	122	-168	103
2016	131	-297	103
2017	181	-245	122
2018	249	302	132

INTERPRETATION:

The above table shows the trend analysis of sales, inventories and sundry debtors. Where the sales is gradually increasing from 100 in 2104 to 249 in 2018 and inventory increases from 100 to 302. Where the sundry debtors are increased in 2018 was 132 and decreased in 2014 was 100.

COMPARATIVE BALANCE SHEET:

Comparative balance sheet present side-by-side information about an entity’s assets, liabilities, and shareholders’ equity as of multiple points in time. For example, a comparative balance sheet could present the balance sheet as of the end of each year for the past five years.

% Increase or Decrease

Years	Current asset ,Loans & Advances	Non-Current asset	Current Liabilities& provisions	Non- Current Liabilities	Share Holders Fund
2013-2014	14.6%	-28.4%	14.7%	-32.5%	17.6%
2014-2015	-20.9%	41.9%	-20.08%	99.6%	14.9%
2015-2016	-10.7%	17.8%	1.46%	-30.4%	11.1%
2016-2017	-0.98%	-2.77%	-15.9%	31.6%	9.74%
2017-2018	10.6%	-28.1%	-26.2%	38.8%	8.51%

INTERPRETATION:

The above table shows the comparative balance sheet for the period 2013-14. Current assets have been increased in 2013-14 was 14.6% and decreased in 2016-17 was -0.98%. Non-current assets have been increased in 2014-15 was 41.9% and decreased in 2016-17 was -2.77%. Current liabilities have been increased in 2013-14 was 14.7% and decreased in - 15.9%. Non-current assets have been increased in 2014-15 was 99.6% and decreased in -30.4%. Shareholders fund have been increased in 2016-17 was 17.6% and decreased in 8.51%.

FINDINGS:

- Trend analysis of sales of two concerns revealed an increasing trend. Whereas the inventories and debtors resulted in decreasing trend.
- Current asset, loans & advances in initial was 14.6%. Gradually it has been decreased and it slowly grown up to 10.6%.
- Current liabilities have been increased by 14.7% & gradually decreased.
- The total shareholders fund 17.6% and decreased to 8.51%.
- Current liabilities initially it was 14.7% and gradually it has been came in to negative - 26.2%.

CONCLUSION:

The study is aimed to analyse the overall financial performance analysis of Ashok Leyland (Automobile Industry) for the period of 2013-2018 for every organization increasing the profit is the main objective and so is the same for this company. The study gives knowledge about the applications and financial tools and its usefulness the tools compared of Trend analysis and Comparative balance sheet.

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